

Quote No.: AAAI-Q-2011-07-06A
Description: Initial Flight Campaign on Texas A&M Corpus Christi
PINS COA Utilizing the Recon System 16™ Unmanned
Aircraft System
Date: July 5, 2011
To: Texas A&M University Corpus Christi
Address: 6300 Ocean Drive, Corpus Christi, TX 78412
Contact: Dr. James Ochoa
Phone: (979) 575-5310
Email: James.Ochoa@tamucc.edu



Recon System 16™ UAS

LOCATION

Padre Island National Seashore, Texas (TAMUCC COA)



PERIOD OF PERFORMANCE

August 1-5, 2011

STATEMENT OF WORK

1. Complete Site Survey prior to mission, select area of operation within COA limits.
2. Meet with local Air Traffic Control personnel prior to mission to coordinate airspace operations.
3. Invite AAAI customers to participate in the campaign, including:
 - a. USDA Forest Service,
 - b. Dept. of Interior USGS,
 - c. Oil and natural gas pipeline operators.
4. Deploy RS-16 and crew to site.
5. Demonstrate UAS operation to TAMUCC stakeholders and other participants.
6. Operate RS-16 within COA.
7. Demonstrate real time streaming video on map and video exploitation capabilities.
8. Receive imagery at Mobile Command Center, produce geo-registered mosaic images in GeoTIFF and .KMZ format.
9. Demonstrate utility of airborne communications relay utilizing unmanned aircraft.

PRICING

ITEM	DESCRIPTION	PRICE
1	RS-16 UAS Operations on TAMUCC COA as described above	\$20,000.00

NOTES:

- 1) Price offered is highly discounted to facilitate expedite initial operations under the COA. AAAI plans to solicit complementary orders from its customers in an effort to cover its costs.
- 2) All flight operations will be performed in compliance with COA requirements.
- 3) The RS-16 shall be released to flight by AAAI based on weather, crew rest, equipment status, and other factors.
- 4) As the authorized COA entity, TAMUCC shall provide final approval of all flight operations.
- 5) TAMUCC and AAAI jointly own rights to imagery and data products generated. Data Products.
- 6) This quotation is offered on a firm-fixed price basis and includes all travel and per diem expenses.
 - a. The entire payment shall be due AAAI even if the weather does not cooperate, TAMUCC elects to not fly, or for any other reason.
 - b. TAMUCC shall provide local lodging for AAAI personnel at no charge to AAAI during the mission.
- 7) Insurance
 - a. AAAI is responsible for theft and AAAI property coverage as well as risk of loss of aircraft during flight operations.
 - b. AAAI carries a \$1M aviation liability policy. TAMUCC is responsible for all liability in excess of this amount.
- 8) Payment Terms
 - a. 75% due with order
 - b. 25% due September 5, 2011.

For AAAI David W. Yoel, CEO

For Texas A&M Corpus Christi

CONDITIONS OF SALE
SERVICES ARE QUOTED BASED UPON THE FOLLOWING CONDITIONS

DELIVERY

AAAI agrees to supply the products and services specified during the period specified above. Delivery time must be verified at the time of order placement.

ACCEPTANCE

Products and Services proposed herein are provided on a best efforts basis only and are subject to the warranty defined herein.

WARRANTY

Seller warrants only that the products and services offered herein shall generally meet the specifications described in this Agreement for a period of twelve (12) months. This warranty is exclusive, and is in lieu of all other warranties, whether written, oral or implied, including the warranty of merchantability and the warranty of fitness for a particular purpose. The Purchaser hereby disclaims all other warranties. The Purchaser shall assume all such risks, and Purchaser agrees to hold the Seller harmless for any claims relating to such factors. Purchaser releases, indemnifies and agrees to defend and hold the Seller harmless from any and all claims of whatever kind arising from any use of this Service, but Purchaser's obligation to indemnify, defend and hold Seller harmless shall not include a claim for breach of the express warranty set forth herein. Purchaser's obligation to indemnify, defend, and hold Seller harmless shall include, but is not be limited to, reasonable attorney's fees and costs incurred by the Seller. Uses of the Services under abnormal conditions or under conditions not reasonably foreseeable to the Seller are beyond the control of the Seller and the Purchaser assumes the risk of any such use. Purchaser acknowledges that it has been informed of the risks, and hereby waive any right to assert any claim against the Seller, whether for breach of contract, tort, negligence, or otherwise.

IT IS UNDERSTOOD AND AGREED THE SELLER'S LIABILITY WHETHER IN CONTRACT, IN TORT, UNDER ANY WARRANTY, IN NEGLIGENCE OR OTHERWISE SHALL NOT EXCEED THE RETURN OF THE AMOUNT OF THE PURCHASE PRICE PAID BY THE PURCHASER AND UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES. THE PRICE STATED FOR THE SERVICE IS A CONSIDERATION IN LSELLERTING SELLER'S LIABILITY. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTIONS OF THIS AGREEMENT MAY BE BROUGHT BY PURCHASER MORE THAN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED.

MISCELLANEOUS

It is the sole responsibility of the Purchaser to insure that this Product is used in compliance with the laws of the United States of America.

Seller specifically excludes liability for damages caused by crashes.

Any third party component part of the equipment/service which has been purchased by Seller is warranted to the extent of the original manufacturer's warranty to Seller.

The above warranty specifically does not apply to expense components, such as gaskets, seals, o-rings, tires and wheels, propellers, spark plugs, or any other wear-out, expendable or consumable items.

PROPRIETARY INFORMATION AND INTELLECTUAL PROPERTY

Purchaser acknowledges that Products purchased hereunder and information of Seller provided in support of the products may contain valuable trade secrets and is to be considered proprietary and confidential to Seller. Purchaser shall use confidential Information of Seller solely in connection with the use of the Products and shall restrict disclosure of and access to the Confidential Information of Seller to Purchasers employees who require access. The terms of this Section shall not apply to any information that (a) is publicly available or is in the public domain at the time disclosed, (b) is or becomes publicly available or enters the public domain through no fault of the recipient, (c) is rightfully communicated to the recipient by persons not bound by confidentiality obligations with respect thereto, (d) is already in the recipient's possession free of any confidentiality obligations with respect thereto at the time of disclosure, (e) is independently developed by the recipient, (f) is approved for release or disclosure by the disclosing party without restriction, (g) is disclosed in response to an order of a court or a requirement of any other governmental agency, provided that the party making the disclosure pursuant to the order shall first have given notice to the other party and made a reasonable effort to obtain a protective order, (h) is otherwise required by any national securities exchange, or by law or regulation to be disclosed or (i) is disclosed in any legal proceeding or otherwise to establish a party's rights and obligations under this Agreement, provided that the party so disclosing has requested, pursuant to any procedures available in such proceeding, that such information be designated as confidential information. Except as specifically authorized by Seller in writing, the Purchaser may not modify, decompile, or reverse engineer any Products or confidential information received from Seller, inclusive of software or hardware, interfaces, components and the like. No right, title or interest in or to any trademark, service mark, copyright, or trade secret is granted. All Intellectual Property remains solely the property of Seller.

PATENT INDEMNITY

In the event of a claim against the Purchaser that charges that the equipment/service purchased from Seller infringes a U.S. patent subsisting when the equipment / service was shipped, Seller shall, at its option, procure for the Purchaser the right to use the equipment / service; or replace the equipment/service with non-infringing equipment / service; or modify the equipment/service to be non-infringing; or remove the equipment / service and refund the purchase price, less depreciation, at the rate of fifteen percent (25%) per year; or defend, at its own expense, all suits instituted against the Purchaser insofar as same are based upon any claim that the Purchaser's operation of the equipment / service, or any part thereof, is an infringement of a U.S. patent under the proviso that: (a) Seller be notified, in writing, by Purchaser promptly upon assertion of claim; (b) Seller is given authority by Purchaser to assume full and exclusive control of the defense and settlement of the claim or suit; and (c) Purchaser provides all information and assistance to Seller, at Purchaser's expense, as is reasonably necessary for the defense of the claim or suit. Seller may, at its option, intervene in any suit or action brought against the Purchaser on such claim.

SALES TAXES

The amount of any present or future sales, use or other tax, federal, state or local, which Seller now or hereafter shall be required to pay, either on its own behalf or on the behalf of the

Purchaser, or otherwise, with respect to the equipment/service covered by this contract, shall (unless such prices are expressly stated to be inclusive of such tax) be added to the prices contained herein and paid by Purchaser in the same manner, and with the same effect, as if originally added thereto.

TERMS AND PAYMENTS

Unless otherwise indicated herein, payment terms are Net Thirty (30) days after invoice. A late charge of 2% per month will be paid on all monies due if not paid within thirty (30) days after invoicing.

SECURITY INTEREST

Seller will retain a security interest in the equipment/service until full purchase price and any charges enumerated on the invoice are paid. The Purchaser's failure to pay any amounts when due shall give Seller the right to possession and to removal of the equipment at any time upon giving at least sixty (60) days prior written notice. Seller's taking of such possession will be without prejudice to any other remedies Seller may have. The title to equipment will pass to the Purchaser upon shipment from Seller. At the request of Seller, the Purchaser will join with Seller in executing one or more financing statements or other documents reasonably required by Seller to protect Seller's security interest in a form satisfactory to Seller.

EXPORT

Products and Services offered herein are ITAR Controlled and subject to U.S. Export Regulations. Purchaser is responsible for complying with all export regulations.

CHANGES

AAAI shall identify the specific individuals it intends to provide the services specified. These individuals are offered on an as-available basis only.

LAW

This Agreement shall be governed by the internal laws of the Commonwealth of Pennsylvania, USA, and any claims arising hereunder shall be prosecuted in the United State District Court having jurisdiction of the causes of action arising in the District in which AAAI is located.

ENTIRETY

These Sales Terms and Conditions are an essential element of the quotation, which together shall constitute the entire understanding between Seller and Purchaser with respect to this sale. There are no other, written or oral, warranties or representations to Purchaser, or agreements between the parties, except those provided herein. In case of conflict between the Purchaser's purchase order and these Conditions of Sale and this quotation, these Conditions of Sale shall prevail.